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MEMORANDUM FOR: See Distribution

VIA: Acting Chief, Liaison Division, OLL *X*

FROM:   
Liaison Division, OLL

SUBJECT: House Plans for Federal Retirement

1. The House continues to view Federal retirement (the existing Civil Service plan and a supplemental plan for new hires) as elements of the total Federal compensation package. Therefore, movement toward the design of a retirement package is slow.

2. The first order of business in the House is to try and block Administration proposals affecting Federal employees and retirees. To this end, Congresswoman Mary R. Oaker (D., OH), Chair of the Subcommittee on Compensation and Employee Benefits of the House Post Office and Civil Service Committee, will hold an oversight hearing on the President's budget proposals on 26 February. Witnesses invited to the hearing include: Mr. David A. Stockman, Director of the Office of Management and Budget; Dr. Donald J. Devine, Director of the Office of Personnel Management; Mr. Martin Dugan, Chairman of the Advisory Committee on Federal Pay; Ms. Janet Norwood, Commissioner of the Bureau of Labor Statistics; and Representatives of Federal Labor, Postal, and Retiree Organizations.

3. After the hearings, the Post Office and Civil Service Committee will likely recommend that all of the Administration's proposals (including changes to the Civil Service Retirement age, COLA, contribution and benefit calculation) not be approved. The Committee membership has a pro-Federal employee orientation and many members are already on record as opposing the Administration's proposals.

4. This Committee's recommendations will be reviewed by the House Budget Committee which, in the past, ignored Administration efforts to cut Federal benefits. Given the mood in Congress to cut the Federal deficit, however, compromises can be expected; the most likely changes are a COLA freeze, high 3 to high 5, and an increase in employee contributions from 7 to 9 percent. There is a growing bi-partisan move in the House to stop all other changes at least for the foreseeable future.

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